



PSC REF#: 97617

725 Lois Drive
Sun Prairie, WI 53590
(608) 837-2263
fax: (608) 837-0206
www.meuw.org

Public Service Commission of Wisconsin
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Filed via ERF
July 14, 2008

Mr. Robert Norcross
Administrator, Gas & Energy Division
Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

RE: MEUW Docket 5-UI-114 Comments: Investigation on the Commission's Own Motion Regarding Innovative Utility Ratemaking Approaches that Promote Conservation and Efficiency Programs by Removing Disincentives that May Exist Under Current Ratemaking Policies.

Dear Mr. Norcross:

In lieu of individual answers to each of the 18 questions posed by the Commission in this docket, please accept this letter from Municipal Electric Utilities of Wisconsin commenting on the subject matter in general from a public power perspective. In addition, MEUW supports the comments and recommendations contained in Wisconsin Public Power Inc.'s filing in this docket.

MEUW represents the 82 public power distribution utilities in Wisconsin (see list at left). Collectively, MEUW members served 274,052 electric customers in 2007, distributed roughly 12 percent of the electricity in the state, and had combined annual electric revenues of \$608.5 million. The average population for an MEUW community is 5,562.

Decoupling is a ratemaking philosophy that attempts to remove the direct link between how much profit a private company makes and how much energy it sells. In today's world, if a company sells more electricity, its profits increase, and vice versa. In the case of the electric utility industry, decoupling is thought to remove a barrier to getting "for profit" companies to embrace and buy into energy conservation and efficiency programs (both of which would decrease the amount of electricity that would otherwise be sold). While not commenting on its application to private utilities, decoupling has no place in public power ratemaking since public power utilities are not in the business to make a profit, they are in the business to provide a service to customers. Any "profit" to speak of is ultimately returned to their customers owners. Our shareholders are our customers.

MEUW Members have been fairly receptive to directives by the Legislature and the Commission as to increasing energy efficiency efforts and the use of renewable energy (e.g., 1999 Wisconsin Act 9, 2005 Wisconsin Act 141). In addition, some MEUW Members that operate Commitment to Community energy efficiency programs have recently sought and obtained the Commission's authority to add additional energy efficiency spending in its ratebase, over and above the amount required by law.

Sincerely,

David J. Benforado
Executive Director